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SPECIAL REPORT

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FY'97 BPS BUDGET: *What does $468.9 million buy?*

The Mayor's recommended fiscal 1997 city budget of $1.347 billion, includes $468.9 million for the Boston Public Schools (BPS). The BPS budget represents an increase of $23.8 million or 5.3% over the original appropriation but only a $12.7 million or 2.8% increase over expected spending. This year, for the first time, the School Committee and Superintendent succeeded in convincing City Hall that an additional $2.0 million was required to meet educational needs beyond the original negotiated target figure. Three-quarters of the total increase is attributable to the growth in salaries and benefits, including $10.0 million for teachers' salaries. Over the last two years, the BPS general fund budget has increased by $43.9 million or 10.3%. The fiscal 1997 grant budget was reduced by $7.8 million to $54.9 million, with the expectation of cuts due to the reduction of Federal Title I remedial support and movement to block grants. However, the Federal government has indicated recently that Title I funds will be level-funded, reducing the expected decline.

FY'97 PRIORITIES

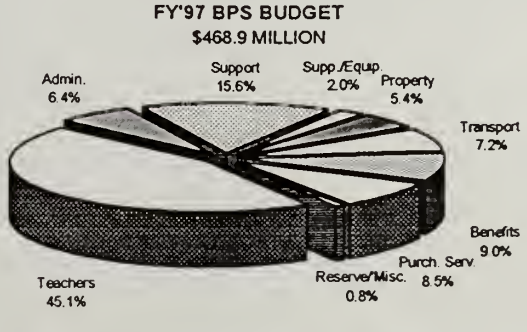
BPS priorities in FY'97 focus on several new initiatives as well as continuing programs from fiscal 1996. Some highlights are:

- **Expansion of Kindergarten, Year 1,** adds 50 full-day classes for five-year olds at a total cost of $797,020. The three year plan converts all half-day K2 classes and many half-day K1 classes into full-day classes. During this time, K1 classes for four-year olds will be phased out.
- **Algebra Initiative, Year 2,** $300,000 will purchase graphing calculators and materials for students. The multi-year program will provide all elementary and middle school students with preparation to take algebra in grades 7 and 8.
- **Curriculum & Assessment Development, Year 2,** will focus on revising music and arts, world languages, physical education and health curricula. A budget of $515,000 provides for these new areas and the continuation of this effort for math, science, language arts and social studies.
- **Accreditation,** provides $3.1 million, $2.0 million from the operating budget and $1.1 million from capital, to improve technology and libraries, guidance staff and other resources.

The Superintendent and Committee have taken the first steps to establish the budget as an informative policy document with proposed spending broken down by programs accompanied by brief narratives. In addition, the budget moves towards an all-funds approach to show the distribution of total resources and help in future planning. The fiscal 1997 budget is more realistic in that its assumptions are based on current practices and not contingent on future actions that may not materialize. Costs for new initiatives, the teachers' contract and enrollment increases were absorbed within the target budget, in part, through application of a staffing formula adjusted for program need which produced an initial net general fund savings of $5.5 million. A second review restored an additional 33 positions for a net reduction of 69 and an overall general fund savings of $3.6 million. The Superintendent's administrative reorganization is projected to generate an all-funds savings of $2.3 million, primarily due to the reduction of externally-funded positions. The BPS budget process is an ongoing one where the fiscal 1996 budget will most likely increase by $11.1 million. The fiscal 1997 budget will increase by at least $2.9 million due to known collective bargaining obligations.

How The BPS Spends Its Money

Reflecting the labor intensity of the BPS, $314.3 million or 67.0% is designated for salaries while $151.8 million or 32.4% provides for non-salary items. Employee benefits and salaries combined are expected to absorb 76.0% of the total budget in fiscal 1997. Teachers' salaries comprise $211.2 million or 45.1% and school and central administrators represent 6.4%. This budget funds 7,392 positions, a cut of 69, primarily due to the application of a standard staffing formula. Library staff, guidance counselors and support staff have been added to meet accreditation needs. The reserve provides added accreditation resources, principal and headmaster bonuses, funds for Kindergarten expansion and the Burke Technology Plan.



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In fiscal 1997, salaries are projected to increase by $16.3 million or 5.5% while non-salary accounts increase by $5.7 million or 3.9%. Many accounts will increase marginally due to inflation, enrollment and higher demand. More dramatic changes include:

- The Part-time account increases due to the placement of library aides in all elementary and middle schools.
- Aides and Monitors expand as a result of the increases in special education and the extended day programs at the Young Achievers Pilot School and early learning centers.
- Purchased Services, primarily for special education, increase due to additional students and higher private placement and therapy costs.
- Equipment and Instructional Supplies decline because of higher costs for pilot schools, accreditation and language arts texts in fiscal 1996.

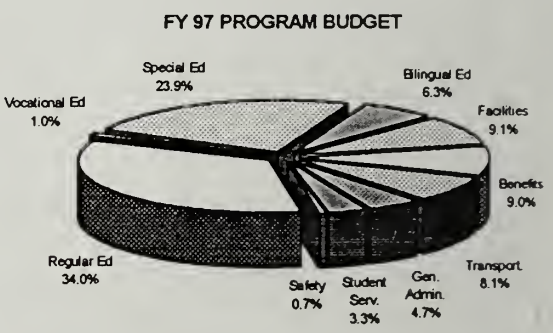
FY96-FY97 EXPENSE BUDGET COMPARISON

CATEGORY	FY 96	FY 97	% OF TOTAL	% CHANGE
SALARIES	$298,030,832	$314,288,230	67.0%	5.5%
Teachers	200,061,468	211,248,569	45.1%	5.6%
Administrators	28,448,043	29,913,830	6.4%	5.2%
Support	20,560,111	21,666,495	4.6%	5.4%
Aides & Monitors	11,984,994	13,227,931	2.8%	10.4%
Secretary/Clerical	8,240,110	8,440,464	1.8%	2.4%
Cust/Safety/Tech	20,641,835	20,745,667	4.4%	0.5%
Part-time	8,094,271	9,045,274	1.9%	11.7%
RESERVE	$953,548	$2,804,170	0.6%	194.1%
NON SALARY	$146,135,303	$151,794,600	32.4%	3.9%
Instructional Supp.	7,253,249	7,064,138	1.5%	-2.6%
Non Instruct. Supp.	560,188	594,727	0.1%	6.2%
Property	24,867,541	25,378,549	5.4%	2.1%
Transportation	32,082,749	33,881,144	7.2%	5.6%
Equipment	2,385,604	1,741,561	0.4%	-27.0%
Employee benefits	40,626,715	42,256,378	9.0%	4.0%
Purchased services	37,159,047	39,697,868	8.5%	6.8%
Miscellaneous	1,200,210	1,180,235	0.3%	-1.7%
GRAND TOTAL [1]	$445,119,683	$468,887,000	100.0%	5.3%

[1] This figure combines the A&R and GSP accounts by expense code.

Spending By Program Shifts Slightly

Reflecting a continuing commitment to instructional services, the budget shifts slightly to provide $305.8 million or 65.2% for instruction compared to 64.7% in fiscal 1996. The remaining $163.1 million or 34.8% is for support services. Regular education continues to represent the largest account at $159.5 million or 34.0% of the overall budget. Special education costs are budgeted at $111.9 million, an increase of 9.5%, due to projected enrollment increases and higher therapy and private placement costs. Student Services, which provides non-teaching professional services, outpaces all other accounts with growth of 13.4% due to increased guidance, support and library staff needs.



Enrollment Up By 1,000+

The fiscal 1997 budget supports services for a projected 62,746 students. This translates to 60,578 full-time equivalent students, an increase of 1,081 or 1.8%. In fiscal 1997, due to the kindergarten initiative, full-time equivalent kindergarten seats will increase by 90 or 1.5% to 6,041. Grade 1 through 12 enrollment is projected to increase by 991. Overall, regular education student enrollment is projected at 44,788, 73.9% of the total and an increase of 2.1%. Special education students are expected to increase by 4.0% to 6,081, or 10.1% of the total. Bilingual students will decline by 0.9% to 9,709 or 16.0% of the total.

What's Not Included

Although the budget funds the Boston Teachers' Union contract, funding for the remaining 12 contracts, which have yet to be settled, have not been included. Also left unfunded is the custodians' union settlement, which is expected to cost $1.6 million and the bus drivers settlement costing $1.3 million. As in prior years, the City has agreed to address collective bargaining agreement costs through the supplemental appropriation process. For the second year, the City has agreed to protect the BPS from the diversion of Chapter 70 education aid due to charter schools. The fiscal 1997 diversion is estimated at $10-12 million.

Recommendations

- Presenting this budget in an all-funds format by program with descriptive narrative is an improvement, but more change is needed. The budget document should become a resource that is instructional about each program and provides a clear, credible understanding of the services delivered and steps taken to insure efficiency and accountability. The budget should include information on multi-year planning and the major programs should be tied to performance-based goals and objectives. The BPS budgets recommended in separate documents by the Committee and Mayor should be consistent in substance and presentation. Preferably, one document should be prepared and carried through the whole budget process.
- A more realistic fiscal 1997 budget places full accountability on cost center managers to deliver services within budget allocations. Efforts should continue to manage resources more efficiently during the year with any savings realized allocated to classroom needs.